

WALLUKA PLANTATION LOSSES



CUTTING cane in a Walluka Plantation field under normal conditions when good weather has aided the growth. This season's crop has been cut a third by reason of two adverse summers. One of floods and one of drought and the field are in contrast to this picture taken one year ago.



ADVERSE WEATHER CONDITIONS CAUSE DIVIDEND SUSPENSIONS

Two plantation companies have announced suspension of dividends, Walluka on Maui and Hutchinson on Hawaii and the reasons for the action are the same in both cases, adverse growing conditions. The action of Walluka was fully expected but with Hutchinson the expectation was less general. Walluka has had two years of adverse conditions that could not but greatly diminish crops for this year and next year as well. In 1916 came the heavy rains and the low valley floods, washing out irrigation systems and doing other material damage. Then in 1917 came a reversal in weather conditions and seven months of drought. This cut the present crop by fully a third from the normal and the 1919 crop was also seriously damaged. Under these circumstances a cessation of dividends was to be expected. Hutchinson suffered severely from the drought on Hawaii last year and its profits were similarly reduced for this year and will be cut for next year as well. Costs increased. It costs as much to grow a field of cane when the tonnage of cane is light as it does when the cane is heavy. It also costs as much to grind cane where the sucrose content is small as where it is large. The result is that the cost of growing and grinding 10,000 tons of sugar is the same as if the acreage had produced a ton to yield 15,000 tons or, in other words, the cost for the production of a ton of sugar is about a third to a half larger than normally. With costs higher and with sales reduced the profit is gone. This is the situation at Walluka. Where profits are earned there must be put aside a sum to meet the federal taxes for the year when they shall be definitely known but where the situation is as it is at Walluka there will be practically no income tax and will certainly be no excess profits tax.

SOFT DRINK MAKERS CAN SAVE ON SUGAR

Bottles of soft drinks in the United States may save approximately \$6,000,000 annually by using other sweetening materials, according to investigations by specialists of the Bureau of Chemistry, United States Department of Agriculture. The Bureau of Chemistry is preparing to furnish bottles with sweetening formulas that will allow the actual sugar content in soft drinks to be cut to fifty percent or less and at the same time will preserve the palatability, taste and quality of the beverages. Starch sugar, starch sirup, maltose sirup, and honey are the substitutes used. The Bureau of Chemistry specialists have cooperated with bottlers in using these to sweeten and give "body" to soft drinks. Their favorable opinions of the results have been sustained by four "tasting juries", made up of representatives of the bottling industry, bureau experts, manufacturers, and women and children representing the consuming public. The sweetening formulas that have been tested in the bureau experiments will be furnished to bottlers and the results of the experiments will be described in detail in forthcoming trade publications. Restrictions on the use of sugar in soft drinks have been placed by the United States Food Administration, but it is believed that the Bureau of Chemistry experiments will allow the usual amount of these products to be manufactured without marked change in palatability or quality.

HOLLAND HAS SURPLUS

The beet-sugar production for the season of 1917-18 in the Netherlands is reported by the Journal des Fabricants de Sucre of March 27 as totaling 219,623 ordinary tons, against a home consumption of 195,767 tons.

WHERE SUGAR GOES IS TOLD IN TABLE

The sugar division of the United States food administration in Washington has compiled the following estimates of the quantity of sugar used annually in the various manufacturing industries:

	Tons
Confectionery	350,000
Soft drink	135,000
Condensed milk	100,000
Ice cream	64,000
Crackers	55,000
Pies	47,500
Bread	45,000
Sweet doughs	45,000
Cakes	37,500
Tobacco	26,000
Canned fruit	17,000
Cal. Ore. Wash.	9,000
Rest of U. S.	15,000
Chewing gum	9,000
Sundry bakery goods	6,100
Proprietary medicines	4,000
Canned vegetables	900
Brewers	900
Total	968,000

BET CROP CONDITION

The condition of the sugar beet crop on June 1 is reported by the Bureau of Crop Estimates of the United States Department of Agriculture as 68.8. The comparison is with the average condition for the past ten years, taken as 100 percent. The condition of the crop on June 1, 1917, was 104.5 percent of the average.

FILLS RUSH ORDER

The Lithue Mill received a rush order for 300 bags of washed sugar for the Honolulu market. They have started a night shift on grinding so that they will be able to finish on time, as they are now grinding for the Hanalei mill which has shut down—Garden Island.

HUN DIVERS CAUSE LOSSES OF SUGAR

Twelve Thousand Five Hundred Tons Sent to Bottom Off Atlantic Coast

Raw sugar shipments suffered further during the past week from sinkings of carriers by the German U-boat raiders, who continue their piratical operations in North Atlantic coast waters. The two additional vessels to be listed with the three reported destroyed last week were the Vinland, carrying 1,471 long tons of Cuban raws, and the Pirar del Rio, with 3,642 tons, also from Cuba, Facts About Sugar reports. Sugar Loss Over 12,000 Tons. This further loss brings the total amount of raws destroyed through submarine sinkings to about 12,700 tons. As the total receipts at Atlantic ports for the previous week were above 90,000 tons, while those for this week will closely approach that figure, it is obvious that damage inflicted by the enemy submarines on the inward flow of raws represents but a trivial loss which is barren of any serious influence on the sugar situation. At this port cargoes of raws have been arriving daily all the week. The same is known to be the case at other Eastern ports. In addition, it is reported that such cargoes of raws as were temporarily diverted to Southern ports at the outbreak of the submarine attacks have since arrived at their original destination. Sugar carriers held at West Indian ports last week have also since sailed. Slight Slowing Up. The net effect upon the sugar shipping situation of submarine activities along the American coastwise lane may, therefore, be summarized as being confined to a slight slowing up in the movement of raws which is of practically negligible importance. Sugar carriers are moving to loading and unloading points under instructions issued by the Navy Department. Under this system all possible safeguards are being provided and the results attained so far under this plan indicate that there is little likelihood of any great check taking place in the future arrival of raw supplies at any refining plant.

ALLOTMENT INCREASED

The allotment of sugar to be handled by the Honolulu Plantation Company has been increased 10,000 tons. The sugar is to be supplied through the Sugar Factors Company, Ltd. The refining of this additional amount will serve to relieve somewhat the pressure upon Pacific Coast refineries, which on account of the transportation situation are being called upon to handle an unusually large proportion of the current Hawaiian crop.

BET ACREAGE

The acreage sown to sugar beets last year in the United States was 64,680, while in 1917-18 it was 67,216 acres. The tonnage allowed was 5,095, 217 tons against 5,504,707 tons. Of the tonnage Colorado allowed 1,504,568 tons and California 1,186,918 tons. The average yield of sugar per acre was .99 tons, against .54 tons in 1916-17 and 1.18 tons in 1915-16. There were 91 factories of which 15 were new.

BETTS IN IOWA

Iowa will plant 10,000 acres of beets this year the largest in the history of this great farming State. The Mason City plant is one of the largest and best equipped plants known in the country and will be ready for a heavy tonnage in fall.

DRAFTEES WILL NOT LOSE BONUS MONEY

Departure From Plantations Act of Government and Not Act of Men Themselves

Draftees who are taken from the plantations and accepted for service will not lose the bonus which they have earned this far this year. The plantation companies realize that the leaving of the plantations by these laborers is not an act of their own will but an act over which they have no control. They would have been perfectly willing to work out the bonus year if they had been permitted to do so, but the government has taken them. Under these circumstances it is only right and fair that they should not be the losers by the arrangement. And they will not be.

Payment of bonuses to those called in the draft will not be made at this time but will be made to them, as to the laborers in company employment, who have fulfilled bonus conditions, at the end of the bonus year. Already they have received each month a third of the bonus money for that particular month. This means that they have coming to them the remaining two-thirds of the bonus money for those months, of course, the bonus ceasing when their labor ends with the call of the draft.

It was said at the office of the Planters' Association last week on Wednesday that this was the case but that the same rule did not apply to those who were called in the guard. The men of the guard, who have been taken into service now, joined the guard of their own responsibility, by their own willing act, knowing that they might thereby be called into service. Thus it appears that the government called will have the several months accumulation of the bonus money earned, for that period, as if they had left the plantation for other work. Just where the difference comes in the lay man may not quite see. It is estimated that the call of the guard has taken more than a thousand men from the plantations.

MORE THAN HALF OF SUGAR CROP MOVED

Still Shipments Are One Hundred and Fourteen Thousand Tons Behind Last Year

More than half of the Hawaiian sugar crop has been moved. At the same time accumulations of raws are piling up in all of the warehouses of all of the islands for, although the proportion of the total that has been moved is not actually below the percentage of the 1917 crop that had been moved at the same time a year ago, shipments are, in volume 114,000 tons behind.

So far as are available the figures on shipments to the first of July are 228,667 tons of Sugar Factors raws and 55,702 or in all 284,369. One year ago there had been shipped to July 1, 398,279. The June shipments may be a little higher than those figures indicate for the failure of the usual channel of information as to departures from other islands makes it difficult to ascertain and there may have been some departures some time since the date to which this year total is run.

The shortage of shipments this year as compared with last by no means indicates the amount of sugar piled up awaiting shipment for last year shipments were behind production and now the sugar is not moving so fast as it leaves the mills. The figures of sugar waiting shipment that are each month reported to the shipping board as of the first day of the month have not yet come in. It is expected they will have been combined within the next few days and will show a considerable increase over the first of last month.

Still shippers are optimistic of the future and are confident it will be but a short time before there are sufficient bottoms available to carry off this steadily growing surplus stock.

REFINERY PROPERTY TO BE USED AS TENNIS COURT

A report from the East says that the United States government has taken over a plot of vacant ground and a warehouse of the National Sugar Refining Company on the East River front in Brooklyn. The property is part of the old Mollenhauer refining plant on Kent Avenue and will be turned over to the Y. M. C. A. who will use it for a tennis court.

EARL CADDOCK RETAINS WRESTLING CHAMPIONSHIP

CASPER, Wyoming, July 5.—(Associated Press).—Earl Caddock retained the world's wrestling championship here yesterday by taking two straight falls from Hussene. Caddock won the first fall in sixty-one minutes by a bar arm headlock. In the second fall he used the head scissors arm combination.

CALL OF DRAFTEES HITS PLANTATIONS UNEXPECTED BLOW

Belief That Laborers Would Be Given Deferred Classifications Not Borne Out

FAILED TO ASK FOR ANY EXEMPTION OF WORKERS

Large Number Necessary To Keep Up Production and Supply Source Doubtful

Each day the labor shortage on the plantations of the islands is growing more acute. With the call of the guard into federal service the pinch was felt but with the publication of the list of draftees, now being called into service each day, the shortage became more and more accentuated. Just how great and serious it will become will hardly be known before the first of the month when the registrants will have been mustered in and the plantation managers have the chance to cast up their accounts and see exactly how they stand in man power.

It is evident that the plantations have miscalculated on the effect of the draft. It would seem as if they had failed to take precautions that might well have been taken to somewhat conserve the labor supply. This seems to have arisen through a misunderstanding of the draft law. Exemptions waived.

Before the calling of the draft agencies generally believed the plantation would be more seriously affected by the calling of the guard than by the draftees. They knew that labor engaged in an essential pursuit, such as producing sugar, was entitled to a deferred classification but it would seem as if it had been assumed that such classification would be given by the draft board whether asked or not. Such was not the case. If the registrant claimed exemption because of being engaged in an essential industrial pursuit it would have secured it. No, also, a plantation might have applied for exemption on the ground of the necessity for such labor and would have secured the deferred classification. But they did not do this and as a result the draft will hit the plantations as hard, if not harder, than did the call of the guard. There are men in the plantations whose labor is not so essential to the Territory, the nation and the world as the plantation workers. It is too late now and all that is left to be done is to seek to replace the draftees with new workers.

Where Is Supply. There is no source of supply. What is to be the source of supply? The shipping situation between the Philippines and here is such that an adequate number of Philippine cannot be brought in. Labor might be brought from Porto Rico, but the exact terms are not yet known and again the shipping situation intervenes with difficulties. There is no source of supply in sight.

Plantation managers have been notified to send in reports on their actual labor needs as soon as they can be secured but this can hardly be done until after the draft has been completed. Some of the plantation agencies have asked for comparative statements which will show number of laborers now on the plantation, number employed one year ago and number in service two years ago. When such statements are sent in the computation will be simple and it can readily be determined just how much labor must be secured from one source or another.

Possible Crop Losses. Meantime estimates of the actual shortage vary. It is said that a conservative estimate is between 2000 and 2500 laborers below the last year's roster will be found close to the figure. Unless this shortage can be made up the crops are bound to suffer. This will not be the case with this year's crop, certainly, but it will be with the 1919 and with the 1920 crop upon which much work will be required. Already the 1920 crop is seriously threatened by the failure of the nitrate supply and a combination of lack of labor and want of fertilizer would play really serious havoc.

Enroll Idlers. One proposal that is heard, not from plantation agencies but from students of economical problems is that the next legislature could pass a law similar to those passed by West Virginia, Maryland, New Jersey and New York and make idlers get into some useful occupation. Those laws affect men outside of draft age and if the idlers of Hawaii were forced to work a certain number of hours weekly of their own free will or a greater number on public works there would be many of them who would go to the plantations rather than go to jail.

So far as not claiming exemption goes, it is not strange that the average plantation laborer has not done so. In the army he will get his \$30 a month and his food will be better than he has been accustomed to. His thirty dollars is practically equal to him and "it looks good to him."

ALL GET SUGAR

The annual gift of a bag of washed sugar was again given by O. N. Wilcox to all his native-born subjects. This custom, Mr. Wilcox started several years ago and has kept it up every year.—Garden Island.

REFINERS' APPLICATION FOR RAISE IN PRICES WILL BE INVESTIGATED FOR FOOD ADMINISTRATION

NEW YORK, June 16.—Present indications point to a reasonably prompt decision being reached by the food administration relative to fixing an advance in the refiners' margin. Whatever the case may be determined will be granted to offset the increase in production costs that has taken place since October 1, when the refiners entered into the agreement with Food Administrator Hoover to accept a net margin of 130 points.

Designated by Hoover. An important step in the direction of reaching an early adjustment of the question was taken this week when Oscar S. Straus, chairman of the New York State public service commission for the first district, was designated by Mr. Hoover to investigate and pass on the merits of the refiners' application for an upward revision of the present margin.

The appointment of Mr. Straus is reported to be regarded by the refiners as an admirable selection and entirely satisfactory to them. On the other hand, the general opinion of the sugar trade is that, because of his large experience as an arbiter in a number of important economic and public service controversies, his appointment will be regarded by consumers as giving assurance that their interests will be well served and protected. Mr. Straus was secretary of labor and commerce under President Roosevelt, was formerly ambassador to Turkey, and was chairman of a commission appointed in 1914 to arbitrate the differences between the Eastern railroads and their engineers.

Readjustment Provided For. The provision of the agreement under which the refiners are bringing their request for a readjustment of the margin specifically states "that said margin is also subject to revision from time to time by reason of changes in the cost of refining."

Early in the year the refiners recognized that recourse to this provision would have to be made because of the rapid increases taking place in both manufacturing and distribution costs. The subject of making this necessary adjustment at various meetings of the American Refiners' committee during February and March, at which times the majority opinion was to the effect that while the justice of taking immediate steps to secure relief was undisputed, it was to the best interests of the industry to defer such action as long as possible.

In April, however, the pressure of rising costs in labor, supplies and distribution became too heavy to permit of the request for a higher margin being further delayed, especially among the smaller refining corporations. The matter came to a head on April 30, when a special committee was appointed, consisting of B. A. Osgood of the Savannah Sugar Refining Corporation, W. A. Hoodless of the Pennsylvania Sugar Company and George R. Butler of the National Sugar Refining Company, with instructions to prepare briefs showing the increased cost of refining and to make the agreement with the food administration.

After several weeks spent in securing cost data from all the refiners, the report of this committee was embodied in the form of briefs and was recently placed before Mr. Hoover. No information has been given out as to the rate of increase asked for, but in a general way sugar circles have had knowledge that it was considered necessary to secure an increase of at least 20 points to equalize the increase in refining costs. Owing, however, to the differences in geographical location and financial resources among the various refining companies, variations are reported to exist in the number of additional points above the present margin necessary to give adequate compensation for the maximum increase in refining costs.

Fall in Four Divisions. In general terms these increased costs may be grouped in four divisions, covering labor, supplies, fuel and packages (barrels and bags). No question exists but that large increases in all these have taken place since last October in each division. The increase in labor is the most serious. The income of the refiners is in direct proportion to the amount of sugar refined and the present at fully twenty percent, and this has been practically uniform at all refining points. In the case of supplies there has been no stop in the steady upward climb of prices to an average increase of fully twenty-five percent. Not only have the costs of all kinds of materials gone up, but after June 25 the twenty-five percent increase in freight rates will have to be added. This latter added expense will fall heavily on the refiners. Coal alone will account for a large increase in refining costs. The income of the refiners will be forty-five cents per ton and more than 1,000,000 tons are used by the refiners during the year.

Under the head of cooerage, which represents the materials used in all forms of covering, such as bags, barrels and barrels, costs have gone up to such high levels with a tendency to keep steadily in the future.

Costs Paid before Straus. Data on all of the above factors entered into the determination of a new margin are now before Mr. Straus. Discussing this particular point, a leading refiner said this week "The refiners' application is a representation of the fact that the food administration is so advised concerning a higher margin as to

to accord to the refiners, the same spirit of cooperation manifested by them in their acceptance of voluntary regulation, but also to interpret to the public the necessity for a slightly higher or price on sugar because of higher producing costs. The latter should not be difficult, because the man in the street is already fully aware that increased wages to labor, higher freight rates and larger values placed on all materials must be passed along to the consumer to preserve the business of the country in war time."

In connection with the procedure to be followed by Mr. Straus in his investigation, it is reported that he does not now contemplate holding any public hearing. He will for the present at least confine his line of inquiry to a study of the refiners' briefs submitted, numerous conferences and discussion with individual refiners, and audits of the refiners' companies' books to establish definite cost figures. It is evident that the above method will accelerate the determination of the new margin as rapidly as is possible consistently with Mr. Hoover's desire to have the investigation a thorough one. On the other hand, it would indicate that whatever margin is decided upon, cannot become effective for some time to come.

This latter possibility is giving certain refining companies some concern, as it is generally conceded in all quarters that unless the relief to be granted is promptly forthcoming it will be of little value to the refiners this year. The last quarter of the year, even in normal times, is the one of the lightest refining operations, while this year it will be abnormally so, as supplies in light for that period in 1918 are extremely light. It is thus obvious that a much delayed increase in the margin would actually hurt the refiners but little, as the higher refining costs have prevailed during the months of heavy operations.

It is reported in trade circles that the tariff commission may take advantage of the present investigation to conduct an inquiry covering the entire subject of refining costs along the line of the survey made some time ago of the cost of sugar production in Cuba, Porto Rico, Hawaii and Louisiana.

W. A. S.

TAX ON UNDIVIDED PROFITS NOT BIG

Applies To Only Preceding Year and Not To Accumulations of Other Years

Announcement that undivided profits are to be subjected to a fifteen percent additional federal tax has awakened considerable interest among stockholders of various corporations which have in past years accumulated surpluses through investment of profits in kind of paying them out in dividends and inquiries have been heard as to whether such tax is applicable to such surpluses or applies only to accumulations of the last calendar or fiscal year. Where last year a corporation, or a firm, failed to divide profits, not essentially needed for the carrying on of its business, such undivided profits are to be subjected to a fifteen percent tax. The understanding is that this applies only to the earnings of the past year and does not apply to prior accumulations although the first intent of the law was to make it so apply. As passed, it is said by those who have kept in constant touch with this sort of taxation legislation, it applies only to undivided profits for the year. How much will be allowed as an amount necessary for the conduct of the business will be a matter to be decided in specific instances, the varying circumstances deciding the question. It is evident, however, that the setting aside of a fund to pay federal taxes will not make such sum subject to tax. This is something that practically all of the Hawaiian corporations have done. Some of the companies did acquire further additions to their surplus funds last year and will be necessary to determine whether the additions to such surpluses were necessary for the conduct of the business of the companies. It must also be taken into consideration that where Liberty Bonds have been purchased by such companies, the taxable undivided profits are only the amount over and above the investment in such Liberty Bonds or in Treasury certificates.

W. A. S.

RECORD INDIAN CROP

Official reports received this month from India place the total crop of 1917-18 in the British India at 3,229,000 tons, which is the highest so far recorded. In view of the shortage of seagoing vessels, it is doubtful if this bumper crop will relieve in any way the sugar shortage in Western and Central Europe.

W. A. S.

SOME HIGHER COSTS

The cost of sugar manufacture has been computed in the West and some interesting information is at hand as to the increase in prices. For example, best seed has increased 250 percent, labor 100 percent, fuel oil 125 percent, labor 100 percent, fiber cloth 170 percent, filter cloth 200 percent, sugar bags 335 percent, and so on down.

W. A. S.